

# Memorandum



**Date:**

**To:** Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners

**From:** George M. Burgess  
County Manager

**Subject:** FY 2006 Action Plan and Funding Recommendations for the CDBG,  
HOME, ADDI, HODAG Program Income, RR Program Income, ESG, SHIP,  
and Surtax Programs

## **RECOMMENDATION**

It is recommended that the Board approve funding recommendations for the following funding sources and amounts, as indicated in Exhibit 1:

| <b>Funding Source</b>   | <b>Type</b> | <b>FY 05 Funding**</b> | <b>FY 06 Estimated Funding</b> |
|---|-------------|------------------------|--------------------------------|
| Community Development Block Grant (CDBG)                      | Federal     | \$21,883,454           | \$17,893,123                   |
| CDBG Program Income   | Federal     | \$696,571              | \$500,000                      |
| Emergency Shelter Grant (ESG)                                 | Federal     | \$865,955              | \$865,000                      |
| Housing Development Assistance Grant – Program Income (HODAG) | Federal     | \$1,850,000            | \$4,660,672                    |
| Home Investment Partnership (HOME)                            | Federal     | \$12,989,737           | \$6,543,746                    |
| HOME Program Income   | Federal     | \$1,042,000            | \$900,000                      |
| American Dream Downpayment Initiative (ADDI)                  | Federal     | \$186,254              | \$186,254                      |
| State Housing Initiative Program (SHIP)                       | State       | \$2,500,000            | \$1,892,315                    |
| Rental Rehabilitation Program Income (RR)                     | Federal     | \$0                    | \$1,558,849                    |
| Documentary Surtax Program (Surtax)                           | County      | \$24,194,800           | \$25,689,850                   |
| <b>Total All Sources</b>                                      |             | <b>\$66,208,771</b>    | <b>\$60,689,809</b>            |

\*This figure is based on an estimated US HUD reduction and the impact resulting from the City of Miami Gardens opting out of Miami-Dade County's Entitlement.

\*\* FY 05 funding amounts include funding as result of amendments to FY 05 Action Plan through use of reprogrammed dollars from prior year activities.

It is also recommended that the Board authorize staff to submit the FY 2006 Action Plan to the United States Department of Housing and Urban Development (US HUD) and to execute all contracts, agreements, and amendments necessary to implement the FY 2006 Action Plan, the SHIP and Surtax programs, with an effective date of January 1, 2006.

Compared with previous years of US HUD allocations, the FY 2006 allocation process has been faced with the greatest of challenges. Nationally, for the last two years, US HUD has faced severe budget cuts in the CDBG program, resulting in a 15% cut for 2005 and 2006 (6% and 9% respectively.) In addition to the overall Entitlement reduction, the new City of Miami Gardens has opted out of the Miami-Dade's Urban County Entitlement Designation, thus, reducing the County's Entitlement by approximately \$2.5 million. As the result, the City of Miami Gardens will become a separate and independent CDBG entitlement jurisdiction starting in FY 2006.

However, despite these cuts, it is estimated that the proposed FY 2006 Action Plan will result in the creation of a minimum of 150 affordable housing units, 263 jobs, 34 public facilities and other area improvement projects at the same time extending availability of much needed public services to 46 low- and low-to-moderate-income households, and 16,961 low- and low-to-moderate- income persons, and help build the organizational capacity of 213 funded agencies.

These achievements are also made possible through enhanced efficiencies and the County's commitment to the 'Finishing What We Started' strategy in implementing the FY 2006 RFA process. The most significant change has been an emphasis on streamlining the application process. Efficiencies include: the development of one contract per funding source, per agency; proposed inclusion of Board of County Commissioners (BCC) and Community Advisory Committee (CAC) allocations at the front end of the process, to be included in the single contract; revision of language proposed for the 'Must' policy and the implementation of multiple-year funding commitments, particularly for public service projects. These initiatives are further detailed under the following sections entitled CDBG Evaluation Process and New Initiatives.

The attached Exhibit 1 indicates the requested amount by each agency, including BCC Districts in addition to the respective proposed funding recommendations of the Office of Community and Economic Development's (OCED) staff, the County Manager's Office, Affordable Housing Advisory Board (AHAB), Task Force on Urban Economic Revitalization (UERTF), and Community Advisory Committees (CAC). Please note that Exhibit 1 does not reflect the County Manager's funding recommendations which will be determined after the public hearing on the proposed staff recommendations is held by the CEER Committee.

## **BACKGROUND**

### **FY 2006 ENTITLEMENT REDUCTION**

As indicated above, two events are critically impacting the County's Community Development Block Grant (CDBG) program. First, the FY 2006 Entitlement is estimated to be reduced by 9%. Second, the City of Miami Gardens will be an Entitlement Community starting in FY 2006 and its allocation will reduce the County's entitlement by an estimated \$2.5 million. This projected entitlement is estimated at \$17.893 million, which represents a reduction of approximately 20%. The following table summarizes the FY 2003-2006 CDBG funding allocations. This amount is enhanced by \$500,000 in CDBG Program Income, increasing the overall CDBG total to \$18.393 million for FY 2006.

#### **FY 2003-2006 Miami-Dade County CDBG Entitlement Grant Allocations**

| FY 2003<br>Actual | FY 2004<br>Actual | FY 2005<br>Actual | FY 2006<br>ESTIMATED | DOLLAR<br>REDUCTION<br>FY 2003-2006 |
|-------------------|-------------------|-------------------|----------------------|-------------------------------------|
| \$24,113,000      | \$23,677,000      | \$22,410,025      | \$17,893,123*        | \$6,219,877                         |

\*Includes a reduction of approximately \$2.5 million against City of Miami Gardens projected entitlement amount.

The CDBG program is an Entitlement program that is in transition. The Federal government has raised questions about: the manner in which grantees spend CDBG funds, the manner in which US HUD monitors grantees' spending, and the adequacy of US HUD's monitoring and US HUD's actions when non-compliance is observed. These questions have led to concerns about the program and the consideration of program reform measures. US HUD is being challenged to implement a new performance outcome measures framework and make necessary improvements to the Integrated Disbursement and Information System (IDIS) in which projects are reported and maintained.

Measures designed to establish new performance benchmarks and better oversight of the CDBG program have also been accompanied by proposed funding cuts. Nationally, the FY 2006 CDBG proposed funding is \$3.8 billion, which is a 7.3 % reduction from FY 2005 of \$4.1 billion, which in itself is a 4.7% reduction from FY 2004.

## **CHALLENGES**

The changing environment for CDBG entitlement communities demands a more rigorous examination of our approach to funding agencies that perform services in our communities. Clearly, performance must be the benchmark, but other initiatives need to

be examined. For example, in the future, strong consideration must be given to reducing or consolidating the number of agencies funded that perform the same or similar services. This could be accomplished through consolidation of operations of several agencies, which will result in increased programmatic capacity, while reducing administrative overhead costs. Another approach to explore should include working with other funders to consolidate monitoring efforts. Also, agencies should be strongly encouraged to seek supplemental funding to the County's CDBG grant award. Training in administration and programmatic technical skills areas, must also be provided to all funded agencies.

### **FY 2003- 2007 CONSOLIDATED PLAN AND POLICIES**

On December 17, 2002, the Board of County Commissioners approved the FY 2003-2007 Consolidated Plan, through the adoption of Resolution No. 1482-02. The Plan was amended and updated on December 4, 2003 and on February 1, 2005. The Consolidated Plan requires that an annual Action Plan update be prepared for the funding available in each year through FY 2007.

The Consolidated Plan combines the planning and application aspects of the CDBG, HOME, and ESG Programs. The FY 2006 Action Plan was developed with extensive consultation and participation from residents and public/private sectors. This plan reflects the input gathered from neighborhood meetings, Commission district-wide meetings, community-based organizations (CBOs), community development corporations (CDCs), municipalities, and County departments. Funding recommendations are consistent with the Consolidated Planning Process Policies for the FY 2006 Request for Applications (RFA) as adopted by the Board through Resolution No. 805-04, pursuant to a public hearing held on June 30, 2005 and approval by the BCC on July 7, 2005. Consistent with the past several years, for FY 2006 the Board has approved a Consolidated Planning Process that continues to include the SHIP and Surtax affordable housing programs (in addition to the CDBG, HOME, and ESG Programs) and provides for a consolidated RFA process for all of the related programs. Close coordination of these programs and resources continues to be essential to prevent duplication of funding or funding in excess of the needs of an activity.

### **CITIZEN PARTICIPATION**

US HUD regulations require that:

- The County holds a minimum of two (2) public hearings at different stages of the Planning Process. The first public hearing requires input from citizens on housing and community development needs. On June 30, 2005 the first required public hearing was held before the BCC to obtain public input on the FY 2005

Consolidated Planning Policies that formed the basis for the FY 2006 Action Plan recommendations. The second public hearing is intended to obtain public comments on the FY 2006 Action Plan. A public hearing is scheduled to be held before the Community Empowerment and Economic Revitalization Committee (CEERC) on **January 17, 2006** in the BCC Chambers at the Stephen P. Clark Center. Notification of this meeting was advertised in The Miami Herald on December 17, 2005

- The FY 2006 Action Plan is made available for public comments for a period of 30 days, prior to the final adoption of the funding recommendations by the BCC. On December 20, 2005 the County issued a public notice informing the public of the availability of the FY 2006 Action Plan at specifically designated locations. That notice also served to inform the general public that written comments on the plan would be accepted until **January 19, 2006**

In addition to the requests for participation through the above stated publications, from January 2005, through October 2005, OCED and Miami-Dade Community Action Agency (CAA) held approximately 90 community public meetings to monitor the performance of ongoing activities and identify priorities in Commission districts, Neighborhood Revitalization Strategy Areas (NRSA), and eligible block groups.

#### **REQUESTS FOR APPLICATIONS (RFA) AND EVALUATIONS**

Applications for funding were solicited through a consolidated Request for Applications (RFA) process. Funding requests totaled \$159 million including \$65 million for the CDBG program, \$21.3 million for the HOME program, \$866,000 for the ESG program, \$6.5 million for the SHIP program, and \$63 million for the Surtax program.

| <b>FY 06 RFA FUNDING REQUESTS BY SOURCE</b>   |                         |                         |
|---|-------------------------|-------------------------|
| <b>FUNDING SOURCE</b>                         | <b>AMOUNT REQUESTED</b> | <b>AMOUNT AVAILABLE</b> |
| CDBG  | \$65,446,457            | \$17,893,123            |
| CDBG Program Income                           | N/A                     | \$500,000               |
| ESG   | \$866,000               | \$865,000               |
| HOME  | \$23,150,834            | \$6,543,746             |
| HOME Program Income                           | N/A                     | \$900,000               |
| American Dream Down-Payment Initiative (ADDI) | N/A                     | \$186,254               |
| SHIP  | \$6,557,165             | \$1,892,315             |
| SURTAX  | \$62,738,839            | \$25,689,850            |
| HODAG Program Income                          | N/A                     | \$4,660,672             |
| Rental Rehab. Program Income                  | N/A                     | \$1,558,849             |
| <b>TOTAL ALL SOURCES</b>                      | <b>\$158,759,295</b>    | <b>\$60,689,809</b>     |

The FY 2006 RFA was made available on July 25, 2005. Applications were due by August 24, 2005. The public was advised of the application process through several notices in The Miami Herald and The Miami Times and a notification was mailed directly to all currently funded agencies. During the month-long RFA application process, OCED, in coordination with the Miami-Dade Housing Agency (MDHA) and the Miami-Dade Homeless Trust (MDHT), convened two (2) technical assistance workshops on August 3<sup>rd</sup> and 4<sup>th</sup>, 2005 as well as provided technical assistance to every agency that requested it throughout the application period. Exhibit 1 – FY 2006 Funding Recommendations contains all requests and recommendations sorted by agency.

### **FY 2006 STAFF RECOMMENDATIONS**

Funding recommendations totaled \$60,689 million including \$18.393 million for the CDBG program, \$7.630 million for the HOME program (including \$186,254 for ADDI, \$327,187 for the HOME-Community Housing Development Organization (CHDO) program, \$455,000 for the HOME-CHDO Set-Aside), \$865,000 for the ESG program, \$1.558 million for the Rental Rehabilitation program, \$4.660 million for the HODAG program, \$1.892 million for the SHIP program, and \$25.689 million for the Surtax program.

### **CDBG Evaluation Process**

Neighborhood activities recommended for funding were reviewed by staff and have been selected on the basis the following criteria:

- **Organizational Capacity** - Fiscally sound agencies and organizations that have the skills and experience needed to carryout the proposed activity.
- **Priority Need** - Activities that meet a high priority need as identified by residents in the County's Consolidated and Strategic Plans.
- **Geographic Location** – Priority is given to activities located in NRSAs and eligible block groups with high poverty, overcrowding and low-to-moderate income populations.
- **Finishing What We Started** - Ongoing capital improvement and housing projects that were previously funded or are included in the County's Capital Budget, as well as, the continuation of funding public service activities in good standing.
- **Streamlining**- The original application was revised and made more user friendly. Efforts to create one contract per agency, per funding source rather than make frequent amendments as BCC and CAC allocations are approved at various times during the year. Revision of language proposed for the 'Must' policy to require presentations, prior to contracting, for those who are awarded funds and extending multiple-year funding opportunities to include public services.

- **Leveraging** – Activities with other funding sources such as private financing or from other funding sources such as the Alliance for Human Services or the Children's Trust.

BCC and CAC allocations have remained at the originally funded amounts. Reductions have not been applied to either. This partnership with the Board and the neighborhoods is important to achieve a well-rounded and timely funding of agencies.

Recommendations for County Department activities were based on community priorities in keeping with the County's Strategic Plan. All other applications were reviewed and evaluated by OCED staff, in consultation with the MDHT, UERTF and MDHA as applicable. It should also be noted that the County's Department of Human Services (DHS) as well as the Alliance for Human Services (AHS) participated in the meetings of the FY 2006 RFA Working Group and provided information relative to the Social Service Master Plan goals, priorities, and funding allocations.

In preparing funding recommendations, careful attention was given to allocating the available funding to meet the diverse needs in the broad geographic districts of the County. Additionally, staff recommendations were developed through a process that included community input, staff evaluation of applications, consultations with County Departments, post-evaluation consultations with the agencies and Commission District input. Given the extensive budget cuts, staff attempted to maintain a theme of "finishing what we started" however, OCED was still challenged by being only limited to make recommendations based on the reduced level of funds available for FY 2006. Staff recommendations include proposed funding for agencies with on-going activities, which have been identified, as high priority needs. Although OCED granted an extension for audit submission until November 15, 2005 a few agencies have yet to submit their annual audits. The current recommendations are contingent on their submission of acceptable audits. (See Attachment A.)

### **Consultation Process with CDBG Applicants**

The applications submitted through the annual RFA process were evaluated by staff for completeness and accuracy and scored on numerous criteria. Agencies were notified in writing that evaluations related to their applications could be obtained and discussed with staff during a review process on September 27, 2005 and September 28, 2005. During agency consultations, staff ensured that any questions regarding the evaluation of applications would be addressed prior to the Board's consideration of the final funding recommendations. While staff made a concerted effort to address agency inquiries as fairly and thoroughly as possible, any agency could still avail itself of the opportunity to address the Board during the required public hearing preceding the

adoption of the FY 2006 Action Plan. Staff made funding recommendations based on considerations including the strength of the application and its responsiveness to NRSA's high priority needs. Additionally, staff's recommendations were developed to ensure that they adhered to the Board approved Consolidated Plan Policies, which this year also included streamlining and multiple-year funding for public service agencies. Staff also considered the following variables to determine the activity funding levels:

- Priority would be given to existing projects, particularly those that involve capital improvements, housing and public service activities in order to "finish what we started" and continue to support other existing projects.
- Pending monitoring findings, which include the agency's ability to perform existing activities as scheduled and the agency's compliance with its current contractual stipulations with OCED;
- Length of time that the agency has been in operation and its achievements to date; and
- The amount of outside funding secured by the agency for the activity.

### **New Initiatives**

While going through the citizen participation, application, evaluation, consultation and recommendation processes, OCED identified high priority needs from residents, community based organizations, participating municipalities and not-for-profit developers. Many residents and agencies expressed a need for more intensive technical assistance and capacity building for capital improvement and housing projects. To meet this need, OCED reorganized the Urban Development Division into a Community Builders Division (CBD). The purpose of the Community Builders Division is to provide planning, design, architectural, engineering, and project management support to small neighborhood based projects.

### **HOME, SHIP, and Surtax Evaluation Process**

Funding recommendations for the programs were made within the following parameters:

- A \$3 million set-aside (\$1 million in HOME, HODAG and Rental Rehabilitation funds and \$2 million in Surtax funds) is available for homeless housing projects.
- Maximum funding, for small rental projects (30 units or less) is \$250,000 or 40% of the total project cost, whichever is less.
- No single applicant is awarded more than 10% of the combined allocation of HOME, SHIP, and Surtax funding.
- At the discretion of the County, up to 20% of rental units (per project) may be designated for Section 8 subsidy; either project-based or tenant-based.



- Approximately \$6 million in SHIP funds is utilized as end loans for homebuyers countywide. Another \$3 million are recommended as project specific funding in this RFA cycle.

MDHA, OCED and MDHT reviewed applications for HOME, SHIP, and Surtax Program funds. Evaluation criteria included factors such as commitment of financing from other sources, unit affordability, costs of construction, leveraging, economic feasibility, experience, capacity of the development team, and ability to proceed. The review of those applications was coordinated with OCED in an effort to avoid program duplication, increase the County's decision-making efficiencies, and enhance cross-departmental communications. The Affordable Housing Advisory Board (AHAB) made HOME, SHIP, and Surtax funding recommendations on November 10, 2005.

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

The estimated FY 2006 CDBG allocation is \$18.393, million. That includes an entitlement grant of \$17.893 million and \$500,000 in program income. The official notification of the County's final entitlement from US HUD is expected in early 2006. If the County's estimated Entitlement is lower, the recommendations will be adjusted accordingly. If it is higher than the stated estimate, recommendations will be adjusted upwards, except for public service activities. This recommendation will also apply to all multiple-year funding.

Funding recommendations for activities, programs, and projects for NRSAs and eligible block groups have been prepared based on the needs identified by residents at meetings held at the neighborhood and Commission district levels. Neighborhood Revitalization Strategies are in the planning phase for the two new NRSAs in Sweetwater and Kendall West. Neighborhood meetings are being held to identify needs and priorities for funding. The strategies include a demographic analysis, an assessment of economic conditions, the development of an economic empowerment plan and performance measurements to quantify improvements in the NRSAs.

The overall amount staff was able to recommend was limited by a number of factors including: the reduction of the County's Entitlement, including approximately \$2.5 million slated for the City of Miami Gardens Entitlement, set-asides of \$2.6 million and \$1 million respectively for Commission District and Community Advisory Committee allocations. OCED is not recommending applying the proposed reduction to the BCC and CAC set asides. A total of \$5.3 million is recommended for County Departments as reflected in the County's adopted FY 2005-06 Budget and \$3.6 million for administration is in keeping with US HUD regulations establishing the 20% cap/limit on administrative expenditures. Based on these factors, OCED is left with \$5.7 million to make recommendations.

The availability of CDBG funds is summarized in the following table:

**Summary of CDBG Funds Available for Allocation**

| <b>Allocation</b>                                  | <b>Amount</b>       |
|--|---------------------|
| County Departments *                               | \$5,368,000         |
| Administration                                     | \$3,678,625         |
| Commission District Fund                           | \$2,600,000         |
| NRSA CAC Fund                                      | \$1,000,000         |
| Available for RFA Requests                         | \$5,746,498         |
| <b>Total all sources (Includes Program Income)</b> | <b>\$18,393,123</b> |

\*This figure includes two State of Florida Health Department Projects (See Attachment B)

**Multiple-year Funding Commitments**

Multiple-year funding may be considered for capital improvements, housing and public service activities. Consideration of multiple-year funding is based on an annual performance review and the availability of funds; and funds actually awarded each year by US HUD. If the County's Entitlement is decreased, the multiple-year allocation will be adjusted accordingly. If it is increased, all awards, except for public services, will be increased proportionally. Previous multiple-year funding commitments made for on-going activities shall continue to be honored. In this regard, the Richmond Perrine Optimist Club Youth Center is being funded for \$130,000, this funding level will be continued for three additional years subject to annual performance review. Other conditional multiple-year agreements will be determined during the contract phase.

**Loan Programs**

**A. Targeted Urban Area Revolving Loan Fund - \$40 million**

The County received approval from US HUD of its application for Targeted Urban Area Revolving Loan Fund, a \$40 million Section 108 loan and also received from US HUD an Economic Development Initiative (EDI) grant of \$2 million. Over the last several years, the County's Section 108 program, marketed largely through the Urban Economic Revitalization Task Force, has proceeded effectively and has drawn down \$25.3 million of its \$40 million Section 108 credit capacity. The County has allocated loans to twenty (20) for profit businesses. Of the twenty (20) borrowers, 98% have met

their payment obligations on a timely basis with no defaults. All these facilities have gone through an extensive review process; all are asset based (backed by collateral); and all are closely monitored by the staffs of the Office of Community and Economic Development (OCED) and the Miami-Dade Empowerment Trust, Inc. To date, the program has created or retained 320 jobs. Within a two-year period we expect an additional 406 jobs to be created by these investments.

The County's annual debt service payment obligation to the federal government, based on today's exposure is \$1.426 million. The projected source(s) of revenue to fund the debt service requirement is \$1.3 million with the difference of \$115,172 being covered by the EDI grant which is used as a debt service reserve. This debt service payment will not require any allocation of FY 2006 CDBG funds.

#### **B. Brownfields Revolving Loan Fund- \$5 million**

The County received approval from US HUD of its Brownfields Revolving Loan Fund application for a \$5 million Section 108 loan and also received from US HUD an Economic Development Initiative (EDI) grant of \$1.7 million. Miami-Dade County drew down \$2.5 million of the \$5 million Brownfields Economic Development Initiative (BEDI) loan funds in 2001. One loan, in the amount of \$166,000 has been funded (five (5) jobs created) with another \$1.65 million loan in process. The unspent balance in the BEDI account as of August 25, 2005 was \$1.587 million. The initial funding to capitalize this loan fund was drawn down in FY 2001 based on a business plan and projected loan demand from the marketing and promotion of an economic development initiative emphasizing Brownfields redevelopment. This fund had its first loan disbursement more than 12 months after the initial draw down of funds. The business plan for the operation of this fund must ensure that OCED implements a more aggressive and ongoing marketing and promotion of the availability of financial assistance through this fund. This is necessary to generate sufficient revenue to fund future debt service payments to US HUD.

In the FY 2005-06, the amount of debt service due to US HUD for this loan is \$268,256 and the source(s) of revenue to fund the debt service requirement will be generated from loan repayments (\$22,116) with the balance coming from the BEDI grant. This debt service requirement will not require any allocation of FY 2006 CDBG funds.

#### **C. Section 108 Program**

The Section 108 Loan Guarantee Program allows funds to be borrowed from the federal government, guaranteed by Miami-Dade County's pledge of current and future Community Development Block Grant Program funds to ultimately guarantee that payments are made. The County has three Section 108 Loan Program activities.

OCED staff is in the process of establishing a debt service reserve pool, from all of OCED's loan repayment program income, as a further guarantee to protect the County's exposure in this matter. It must also be noted that repayment performance is subject to market conditions, which fluctuate from time-to-time.

While the County has taken upon the responsibility of the Parrot Jungle and Gardens loan commitment, through the use of non-CDBG funds, the loan still remains outstanding against the County's CDBG Entitlement. As reported by the County Manager to the Mayor and Board of County Commissioners on September 30, 2005 the City and County have agreed to terms for the assumption of 70% of the \$25 million loan to Parrot Jungle. Specifically, the terms of the City/County Agreement are as follows:

1. The City and County agree to share the Section 108 loan guarantee obligation on a 70% City and 30% County basis and to execute all required documents among the County, City and USHUD to implement the City's loan guarantee substitution; and
2. The City will assume 70% of the going forward obligation to fund Parrot Jungle's loan payment shortfalls immediately (starting with the payment due to USHUD for August 2005 in the amount of \$1,433,764). The City will reimburse the County for 70% of the amount advanced for the August 2005 payment when the City Commission considers these terms as soon as possible in October 2005; and
3. For the period prior to the payment due to USHUD in August 2005, the City will reimburse the County for 70% of the \$2,230,042 in total payments that have been advanced by the County in August 2004 and February 2005 due to Parrot Jungle payment shortfalls. The payments due from the City to the County will be made in seven (7) equal installments starting July 1, 2006 (e.g. total City share is \$1,561,029 to be paid at approximately \$223,004 per year); and
4. The City and County will work together on a loan workout plan with the Parrot Jungle ownership group to ensure that the attraction is a viable ongoing concern and to ensure that the debt obligations to the County and City from Parrot Jungle are protected.

Due to delays resulting from a string of recent hurricanes and the delayed completion of the City's elections, it is expected that the City Commission will consider an agenda item approving the terms for the loan guarantee substitution prior to an agenda item being prepared for the Board's action in January 2006.

**Summary of CDBG Funding by Category**

CDBG funding recommendations by category were determined by percentages in the FY 2006 Policy Paper that was approved by the BCC on July 7, 2005. The following table summarizes CDBG funding by category:

| <b>FY 06 CDBG Funding by Category</b> |                |                |
|---------------------------------------|----------------|----------------|
| <b>Category</b>                       | <b>Dollars</b> | <b>Percent</b> |
| Administration                        | \$3,678,625    | 20             |
| Capital Improvement                   | \$1,363,000    | 7              |
| Economic Development                  | \$2,714,000    | 15             |
| Historic Preservation                 | \$180,000      | 1              |
| Housing                               | \$1,588,000    | 9              |
| Public Service                        | \$5,854,000    | 32             |
| CDBG Reserve                          | \$ 740,498     | 4              |
| BCC, and CAC Reserve*                 | \$2,210,000    | 12             |
| Total                                 | \$18,393,123   | 100            |

\*Allocations in each category include funding from some BCC (\$1,090,000) and CAC (\$300,000) allocations out of a total of \$3.6 million (20%) available in this category

a) Administration

The proposed allocation of administrative support funding totaling \$3,678,625 or 20% of the total entitlement (\$17.893 million) plus program income (\$500,000) includes the following activities; the Office of Historic Preservation; Planning and Zoning Department's Strategic Area Planning and Environmental Review and Assessment Assistance Programs, Department of Human Services Fair Housing; and HOPE, Inc. for the continuation of its Fair Housing Education and Outreach Program; and OCED's program administration including: management, finance, community planning, contract development, and monitoring.

b) Capital Improvements

Total funding requests in this category amounted to \$15.813 million. A total of \$1.363 million is recommended for capital improvement projects in the FY 2006 Action Plan. This represents 7% of the total CDBG allocation. Funding strategies and funding recommendations in this category will assist participating

municipalities and non-profits to “finish what was started.” 23% of the projects recommended for funding in this category are active projects in the County’s FY 2005-06 Budget. For those projects that are not fully funded or are not ready to start construction, OCED recommends that capital improvement funding be made in phases depending on the development team’s capacity and the feasibility of the project. Phase I (Pre-Development) includes planning, design, permitting and environmental review. Phase II (Construction) funds will be allocated depending on the agency’s ability to reach milestones and expend funds in a timely, efficient and effective manner.

c) Economic Development

FY 2006 funding recommendations for economic development activities total \$2.714 million. This amount represents 15% of the total CDBG allocation. Total funding requests in this category amounted to \$12.061 million. These programs are designed to meet the needs of small and minority business owners for long-term working capital and fixed asset financing to support the rehabilitation of commercial corridors and the growth and expansion of micro-businesses. These programs, as reflected in the funding recommendations, are consistent with the high priority needs for economic development in the NRSAs and eligible block groups as identified in the FY 2003-2007 Consolidated Plan, the FY 2005-2006 County Budget, and for the revitalization of Targeted Urban Areas (TUAs) consistent with the Task Force's Urban Economic Revitalization Plan.

As required by Ordinance No. 97-33, which created the Task Force on Urban Economic Revitalization (UERTF), the FY 2006 CDBG Economic Development funding recommendations were presented to the Task Force for review. In the event of any difference between the County Manager’s final funding recommendations and those of the Urban Economic Revitalization Task Force, a 2/3 vote of the members of the Board of County Commissioners is required to approve the County Manager’s recommendations. The UERTF funding recommendations totaling \$1.8 million are reflected in Exhibit 1.

d) Historic Preservation

The funding recommendations for Historic Preservation activities amount to \$180,000 for FY 2006.

e) Housing

Requests for funding in this category total \$3.696 million. Of the total proposed FY 2006 allocation, \$1.588 million or 9% is recommended for housing activities. Funding strategies in this category include completing projects that have been

funded in previous years and recommending projects that only require CDBG funds for gap financing but are otherwise fully funded.

f) Public Services

Requests for public service funding through the FY 2006 RFA process totaled approximately \$27.646 million. The FY 2006 public service staff's and Commission District Funds recommendations amount to \$5.854 million. In accordance to US HUD regulations, the amount of CDBG funds, used for public services, shall not exceed 15 percent of the entitlement. However, public services carried out pursuant to a Neighborhood Revitalization Strategy by a Community-Based Development Organization (CBDO) are exempt from the public service cap. This year pursuant to BCC approved policy for FY 2006 Consolidated Planning Process, approved on July 7, 2005, the allocations for Public Service category in the FY 2006 Action Plan will be for a period of three years. OCED will not include Public Service Category in future RFA's for a period of three years. Additionally, once the three-year public service funding commitments are finalized, no further recapture allocations will go to the public service category.

Funding strategies for this category are based on recommending activities that are identified as a high priority need in the FY 2003-2007 Consolidated Plan. High priority public service activities include childcare, handicapped services, youth programs, employment training and senior services. Recommendations for public service activities were made in consultation with the Alliance for Human Services for consistency with the Social Services Master Plan. Those activities with leveraging and low cost per client within their category were also given priority.

- g) Funding for Activities in Entitlement Cities based on Metropolitan Significance Criteria in recommending funding for activities in Entitlement cities, staff was especially mindful of US HUD's Final Rule issued in November 1995, which stated that CDBG funds may assist an activity outside the jurisdiction of the Grantee **only if** the Grantee determines that such activity is necessary to further the purposes of the Housing and Community Development Act and the recipient's community development objectives, and that reasonable benefit from the activity will accrue to the residents of the jurisdiction of the Grantee. Simple stated, only activities that extend beyond the municipal limits of US HUD entitlement cities are eligible for funding.

in total, OCED received ninety-nine CDBG applications for activities located in the Entitlement City of Miami. Activities with metropolitan significance that are located in the Entitlement cities of Miami, Miami Beach, North Miami, and Hialeah are recommended for a total of \$550,000 of the FY 2006 total CDBG allocation. Similar to Entitlement cities, those cities that receive State of Florida Small Cities CDBG Program funds also must comply with metropolitan significance and be consistent with high priority needs.

#### **FY 06 CDBG FUNDING IN ENTITLEMENT CITIES**

| Entitlement/<br>Small Cities* | 2000<br>Population | 2000<br>Low/Mod<br>Population | FY 2003<br>Entitlement | FY 2004<br>Entitlement | FY 2005<br>Entitlement | FY 2006<br>Entitlement | FY 2006<br>County<br>Staff<br>Recomm. |
|-------------------------------|--------------------|-------------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------------------|
| Miami<br>Gardens**            | 100,809            | 42,085                        |                        |                        |                        | 2,500,000              | 45,000                                |
| Hialeah                       | 358,548            | 91,436                        | 5,514,000              | 5,624,280              | 5,100,000              | TBD                    | 50,000                                |
| Miami                         | 92,639             | 215,293                       | 12,856,000             | 13,113,120             | 9,903,000              | TBD                    | 325,000                               |
| Miami Beach                   | 92,639             | 54,144                        | 2,777,000              | 2,832,540              | 2,111,000              | TBD                    | 25,000                                |
| North Miami                   | 50,001             | 22,656                        | 1,107,000              | 1,129,140              | 1,420,737              | TBD                    | 105,000                               |
| Entitlement<br>Subtotal       | 689,196            | 383,529                       | 22,254,000             | 22,699,080             | 18,534,737             | TBD                    | 550,000                               |
| Miami-Dade                    | 1,114,417          | 417,813                       | 24,113,000             | 23,677,000             | 22,810,025             | 18,393,123             |                                       |

\* The cities of Florida City and Homestead participate in the Small Cities CDBG program administered by the State of Florida.

\*\* The City of Miami Gardens no longer participates in the County's Entitlement Program

#### **h) BCC District Fund, CAC and CDBG Reserves**

The BCC (\$1,510,000) and CAC (\$700,000) reserves include unallocated funds that will be awarded by the BCC and CACs at a future date. Allocations from these reserves will be subject to U.S. HUD requirements of eligibility, adequate public notice and a public hearing. It is recommended that the CDBG (\$740,498) reserve be utilized to cover any adjustments to the CDBG entitlement by Congress and are not to be used for any additional public service funding. It is also recommended that the funds be allocated only to economic development, housing and capital improvement activities.



i) Analysis of Greatest Need Areas

Per CEER/BCC request, the following table provides an analysis of CDBG allocations from 2004-2006. Please note that Coral Gables/Coconut Grove is no longer a CDBG eligible area and that Sweetwater and Kendall West were approved by the BCC as NRSAs in 2005.

**FY 004-2006 NRSA FUNDING**

| NRSA                      | FY 2004<br>Funding  | Percentage  | FY 2005<br>Funding   | Percentage | FY 2006 Staff<br>Recommendations | Percentage  | Commission<br>District(s) |
|---------------------------|---------------------|-------------|----------------------|------------|----------------------------------|-------------|---------------------------|
| Opa-Locka                 | \$ 395,000          | 2%          | \$ 778,000           | 3%         | \$ 575,000                       | 3%          | 1                         |
| Melrose                   | \$ 319,000          | 1%          | \$ 317,348           | 1%         | \$ 175,000                       | 1%          | 2                         |
| West Little River         | \$ 360,000          | 2%          | \$ 264,500           | 1%         | \$ 177,000                       | 1%          | 2                         |
| Model City                | \$ 1,185,000        | 5%          | \$ 1,043,000         | 5%         | \$ 400,000                       | 2%          | 3                         |
| South Miami               | \$ 336,000          | 1%          | \$ 431,000           | 2%         | \$ 255,000                       | 1%          | 7                         |
| Coral Gables (C. Grove)   | \$ 320,000          | 1%          | N/A                  | 0%         | N/A                              | 0%          | 7                         |
| Leisure City/Naranja      | \$ 185,000          | 1%          | \$ 116,000           | 1%         | \$ 251,000                       | 1%          | 8                         |
| Goulds                    | \$ 185,000          | 1%          | \$ 336,000           | 1%         | \$ 190,000                       | 1%          | 9                         |
| Perrine                   | \$ 740,000          | 3%          | \$ 526,000           | 2%         | \$ 496,000                       | 3%          | 9                         |
| West Kendall              | N/A                 | 0%          | N/A                  | 0%         | \$ 100,000                       | 1%          | 11                        |
| Sweetwater                | \$ 250,000          | 2%          | \$ 237,000           | 1%         | \$ 315,000                       | 2%          | 12                        |
| Multi-NRSA                | \$ 7,602,335        | 32%         | \$ 9,277,859         | 41%        | \$ 9,385,000                     | 51%         | 1,2,3,7,8,9,11,12         |
| Multi-District/Countywide | \$11,630,015        | 49%         | \$ 9,253,318         | 41%        | \$ 6,074,123                     | 33%         |                           |
| <b>TOTAL</b>              | <b>\$23,507,350</b> | <b>101%</b> | <b>\$ 22,580,025</b> | <b>99%</b> | <b>\$ 18,393,123</b>             | <b>100%</b> |                           |

At the October 11, 2005 CEERC meeting, the Committee requested an analysis of the greatest need areas. These areas have been identified as having high priority in the County's FY 2003-2007 Consolidated Plan. The following table summarizes greatest need areas, commission districts, population, overcrowding, poverty, unemployment and low- and moderate-income population:

**Population, Overcrowding, Poverty and Low Mod Areas**

| Population, Percent Overcrowded Units,<br>Poverty Rate, Unemployment Rate, and Percent<br>Low/Mod in NRSAs and Eligible Block Groups<br>FY 2000 Cesus |      |  |                |                        |                 |                      |                    |
|---|------|--|----------------|------------------------|-----------------|----------------------|--------------------|
| Area  | Type | Commission<br>District   | Population     | Percent<br>Overcrowded | Poverty<br>Rate | Unemployment<br>Rate | Percent<br>Low/Mod |
| Biscayne Park   | EBG  | 3 & 4  | 3,539          | 29.7                   | 41.0            | 16.7                 | 68                 |
| Coral Terrace   | EBG  | 6  | 4,850          | 28.4                   | 17.1            | 14.9                 | 56                 |
| Goulds-South Miami Heights  | NRSA | 8 & 9  | 19,470         | 26.4                   | 32.9            | 11.7                 | 63                 |
| Leisure City-Naranja-Princeton  | NRSA | 8 & 9  | 13,101         | 32.1                   | 36.8            | 16.3                 | 69                 |
| Melrose   | NRSA | 2  | 4,283          | 40.1                   | 26.2            | 11.8                 | 67                 |
| Model City  | NRSA | 2 & 3  | 28,861         | 29.1                   | 47.8            | 20.0                 | 74                 |
| Opa-Locka   | NRSA | 1 & 13   | 14,951         | 28.7                   | 35.2            | 17.5                 | 67                 |
| Perrine   | NRSA | 9  | 4,586          | 23.1                   | 52.4            | 12.8                 | 72                 |
| South Miami   | NRSA | 7  | 1,653          | 25.1                   | 43.8            | 16.3                 | 80                 |
| Sweetwater  | NRSA | 12   | 13,732         | 32.9                   | 20.2            | 11.6                 | 58                 |
| West Kendall  | NRSA | 11   | 10,389         | 32.2                   | 27.4            | 11.9                 | 55                 |
| West Little River-Westview-East<br>Pinewood   | NRSA | 2 & 3  | 49,484         | 29.1                   | 30.4            | 14.0                 | 58                 |
| Westchester   | EBG  | 10   | 8,260          | 23.8                   | 20.4            | 8.0                  | 54                 |
| <b>Total</b>  |      |  | <b>177,159</b> | <b>29.2</b>            | <b>33.3</b>     | <b>14.3</b>          | <b>63</b>          |
| Source:   |      | U.S. Bureau of the Census, SF3, Special HUD Tabulation, 2000.<br>Miami-Dade County, Department of Planning and Zoning, Research Section, 2004. |                |                        |                 |                      |                    |

### **Board of County Commissioners District Fund Recommendations**

The FY 2006 RFA Policy Paper approved a CDBG-BCC District Fund allocation of \$200,000 for each Commission District for a total of \$2.6 million. Having these allocations, by the time of the Action Plan public hearing, is a critical part of OCED's efforts to streamline the allocation and contracting process. Having allocations part of the whole Action Plan streamlines the process in several ways. First, it eliminates the need for a subsequent agenda item, which is subject to another 30-day comment period. Second, it allows for a single contract rather than additional amendments, which delays the availability of funds to the agency. Additionally, due to the limited amount OCED is able to directly recommend, BCC and CAC allocations are a vital source of support for agencies that fell below staff's funding threshold. District Commission allocations are identified as "FY 2006 BCC Allocation" in Exhibit 1. This allocation, along with the Community Advisory Committee allocations were not subject to a funding reduction to better meet the needs of under funded neighborhood projects and to maintain OCED's commitment to empower Neighborhood Revitalization Area residents.

### **COMMUNITY ADVISORY COMMITTEE (CAC) RECOMMENDATIONS**

OCED believes strongly in the empowerment of neighborhoods. For this reason, in spite of federal cutbacks, no cuts are being applied to CAC allocations. An allocation of \$100,000 is being recommended for each of the ten CACs to address high priority needs in their neighborhoods. CACs are being empowered to make non-public service recommendations to meet high priorities as identified in their Neighborhood Revitalization Strategies in close partnership with OCED. Because of disruptions caused by this hurricane season, several advisory committees could not meet; as a result the CAC recommendations will be finalized and brought to the board for final action at a later date.

### **HOME INVESTMENT PARTNERSHIP PROGRAM, HODAG, RENTAL REHABILITATION AND CHDO RECOMMENDATIONS**

It is anticipated that the FY 2006 funds for the HOME Program will total \$7.630 million, including an allocation of \$900,000 of program income and \$186,254 of American Dream Downpayment Initiative funds. The HOME Program provides funds for permanent and construction loans, as well as first and second mortgage financing to assist very-low and low- to moderate-income families to purchase or rent affordable housing units. It is noted that reserves exist in the CHDO categories. The use of CHDO funding is limited to HOME funded activities and can accommodate project administration and pre-development costs only to certified CHDOs. At this time, staff is recommending that the reserves remain in place until the first reprogramming plan amendment of FY 2006.

OCED is now in compliance with CDBG spending guidelines, but its HOME program requires immediate corrective action to expedite future disbursements. The corrective action will consist of utilizing the Community Builder's Technical Assistance Support Team. This function will be supplemented by public/private partnerships designed to link management and capacity support when gaps in these areas are identified. In FY 2005, the Community Builders Division (CBD) provided technical assistance and project management assistance to the YMCA MLK Childcare Project, Model Housing Dr. Godoy Villas, JESCA Northshore Community Center project, Jewish Community Services Seymour Gelber Center, the Melrose Sewer Improvements project, Arcola Lake Community Center and the City of Opa-locka. In FY 2006, OCED will provide increased project management and technical assistance for funded activities, which will be supported by project budgets. Additionally, costs associated with US HUD required Environmental Clearance Review will be charged to the activity budgets.

The American Dream Downpayment Initiative (ADDI) was signed into law on December 6, 2003. It aims to increase the homeownership rate among lower income and minority households. It is recommended that \$186,254 of ADDI funds and \$3 million of HOME funding be allocated to the Miami-Dade Housing Finance Authority to be administered along with its currently funded deep subsidy program.

#### **FY 2006 HOME RECOMMENDATIONS**

|                        | <b>FY 2006</b>     |
|------------------------|--------------------|
| Program Administration | \$744,375          |
| Rental Housing         | \$676,000          |
| Homeownership          | \$4,358,000        |
| Homeless Housing *     | \$210,000          |
| CHDO Operating Support | \$327,187          |
| CHDO Set aside         | \$455,000          |
| American Dream (ADDI)  | \$186,254          |
| HOME Reserve           | \$673,184          |
| <b>Total</b>           | <b>\$7,630,000</b> |

\*\$689,000 additional funds are recommended through other sources (HODAG: \$489,000, and Rental Rehab funds: \$200,000) for a total of homeless housing allocations of \$899,000.

#### **EMERGENCY SHELTER GRANT (ESG) RECOMMENDATIONS**

The County expects \$865,000 in ESG funds in FY 2006. It is recommended that these funds be contracted to Camillus House to continue to operate the County's Beckham Hall facility. Single males comprise approximately 62% of the homeless population in Miami-Dade County. Beckham Hall will provide temporary shelter and services for some 360 homeless males over the next year.

### **STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM**

The SHIP program allows flexible funding for housing development to meet local needs. SHIP funding expected to be available in FY 2006 is \$1.892 million. The recommended funding is for homeownership condominiums. SHIP funding recommendations are included in Exhibit 1.

### **DOCUMENTARY STAMP SURTAX PROGRAM**

The Surtax program provides funds that primarily promote the development and preservation of affordable housing units. An allocation of \$400,000 is being recommended for homebuyer counseling, \$6.225 million is being recommended for rehabilitation or construction of new rental units including rentals for formerly homeless families and individuals and \$19.064 million for new homeownership units. Funding recommendations are based on the total amount of available affordable housing funding from all sources, and the review and evaluation of projects that applied for funds in the various categories. Surtax funding recommendations are included in Exhibit 1.

### **ADDITIONAL HOUSING RESOURCES**

Other funding sources, such as the Housing Development Assistance Program Income (HODAG) and Rental Rehabilitation Program Income (RR) and future program incomes shall also be used to further increase the impact of the County's affordable housing initiative. OCED received approximately \$4.66 million in HODAG program income through the sale of the Fontanar Park Apartments. Approximately \$1.95 million in HODAG funds are being used to fund high priority new construction rental housing needs and \$200,000 in Rental Rehabilitation funds from a program income reserve of \$1.57 million is being recommended to meet the long standing unmet need to address health and safety concerns at the Beckham Hall Homeless facility.

### **NEIGHBORHOOD REVITALIZATION STRATEGY AREA**

US HUD requires Neighborhood Revitalization Strategies for each Neighborhood Revitalization Strategy Area. The Strategies have been or are in the process of being developed in consultation with neighborhood residents, businesses, non-profit organizations, and community groups. Once the Strategies have been completed, they will be presented to the BCC for final approval before submission to US HUD. For each area, the Strategies will include, but are not limited to: an analysis of the boundaries and demographics, an assessment of the economic conditions, an economic empowerment strategy, and the development of performance measurements and benchmarks to quantify results of investments.

The County is committed to continuing to serve the low and moderate-income people and neighborhoods of Miami-Dade County in spite of major budget cuts at the federal level. OCED is working with its community development partners to streamline the CDBG program and to meet the public service, economic development, historic preservation, housing, and capital improvement needs of low- and moderate-income people.

---

Tony E. Crapp, Sr.  
Assistant County Manager